

---

**Introduced by Senator Campbell**

February 17, 2005

---

An act to amend Section 314.5 of the Public Utilities Code, relating to the Public Utilities Commission.

LEGISLATIVE COUNSEL'S DIGEST

SB 386, as introduced, Campbell. Public Utilities Commission: inspection and audit of books and records.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities and can establish its own procedures, subject to statutory limitations or directions and constitutional requirements of due process. The existing Public Utilities Act requires the commission to inspect and audit the books and records of certain public utilities, at specified intervals, for regulatory and tax purposes.

This bill would require that any audit conform to the Government Auditing Standards of the Comptroller General of the United States, and where applicable and not inconsistent with those standards, to the Generally Accepted Auditing Standards of the American Institute of Certified Public Accountants.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 314.5 of the Public Utilities Code is
- 2 amended to read:
- 3 314.5. The commission shall inspect and audit the books and
- 4 records for regulatory and tax purposes (a) at least once in every
- 5 three years in the case of every electrical, gas, heat, telegraph,
- 6 telephone, and water corporation serving over 1,000 customers,

1 and (b) at least once in every five years in the case of every  
2 electrical, gas, heat, telegraph, telephone, and water corporation  
3 serving 1,000 or fewer customers. An audit conducted in  
4 connection with a rate proceeding shall be deemed to fulfill the  
5 requirements of this section. Reports of such inspections and  
6 audits and other pertinent information shall be furnished to the  
7 State Board of Equalization for use in the assessment of public  
8 utilities. *Any audit performed pursuant to this section shall*  
9 *conform to the “Government Auditing Standards” published by*  
10 *the Comptroller General of the United States, and where*  
11 *applicable and not inconsistent with the “Government Auditing*  
12 *Standards,” to the Generally Accepted Auditing Standards of the*  
13 *American Institute of Certified Public Accountants.*